

Message Text

LIMITED OFFICIAL USE

PAGE 01 OTTAWA 04880 101737Z

12

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 LAB-04

SIL-01 /038 W

----- 080529

R 101628Z DEC 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1881

INFO ALL CONGENS IN CANADA

LIMITED OFFICIAL USE OTTAWA 4880

E.O. 11652: N/A

TAGS: EAIR, EIND, CA

SUBJ: AEROSPACE INDUSTRY: GENERAL

AVIATION POLICY

REF: (A) OTTAWA 4461; (B) OTTAWA 4019

1. BEGIN SUMMARY. FURTHER CONVERSATIONS WITH GOC OFFICIALS CONFIRM THAT GOC DOES NOT YET HAVE A "POLICY" TO ENCOURAGE LIGHT AIRCRAFT MANUFACTURING IN CANADA BUT THAT HEAVY IMPORT DEPENDENCE IS CONSIDERED A PROBLEM TO BE SOLVED. RESTRICTIVE ACTION APPEARS UNLIKELY IN NEAR FUTURE BUT LONGER TERM IS LESS CERTAIN. OFFSET APPROACH IS CONCEPTUALLY ATTRACTIVE ALBEIT DIFFICULT TO IMPLEMENT. END SUMMARY.

2. A.G. CARR (DIRECTOR, AEROSPACE SYSTEMS DIRECTORATE, DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE), IN PRESENCE OF MARTIN BRENNAN (SENIOR GENERAL DIRECTOR, TRANSPORTATION INDUSTRIES BRANCH, ITC), DECEMBER 6, AMPLIFYING HIS REMARKS QUOTED REF (B), TOLD TCO THAT AT PRESENT TIME GOC DOES NOT HAVE ANY "POLICY" TO ENCOURAGE LIGHT AIRCRAFT MANUFACTURING IN CANADA. NOR DOES IT ANTICIPATE TAKING AND SIGNIFICANT POLICY INITIATIVE IN THIS AREA IN THE NEAR FUTURE. HOWEVER, HE ADDED, THE EXISTENCE OF A VERY LARGE UNBALANCED TRADE IN THIS SIGNIFICANT SECTOR OF HIGH TECHNOLOGY INDUSTRY IS A MATTER OF SERIOUS CONCERN TO THE GOVERNMENT AND RUNS CONTRARY TO GOC OBJECTIVES OF MINIMIZING RELIANCE UPON RAW MATERIALS AS THE BASIS OF CANADA'S

LIMITED OFFICIAL USE

PAGE 02 OTTAWA 04880 101737Z

EXPORT ECONOMY AND PROVIDING EMPLOYMENT FOR A GROWING EDUCA-

TED LABOR FORCE. GIVEN THE ECONOMICS OF THE LIGHT AIRCRAFT MANUFACTURING INDUSTRY NO SOLUTION TO THIS PROBLEM HAS SURFACED WHICH IS REASONABLE AND WHICH TAKES INTO ACCOUNT THE TOTALITY OF CANADA'S AEROSPACE RELATIONS WITH THE UNITED STATES. BUT IT IS NEVERTHELESS CONSIDERED A PROBLEM TO BE SOLVED AT SOME POINT.

3. DURING COURSE OF CONVERSATION, CARR MENTIONED THE CONCEPT OF OFFSET AS A LEGITIMATE CANADIAN RESPONSE TO DEALING WITH THE AEROSPACE PROBLEM IN GENERAL. BRENNAN, HOWEVER, NOTED IMMEDIATELY THE DIFFICULTIES WITH OFFSET IN RELATION TO LIGHT AIRCRAFT IN VIEW OF THE LARGE NUMBER OF PRIVATE PURCHASERS INVOLVED AND THE LACK OF A DIRECT GOC INSTRUMENT SUCH AS EXISTS WITH AIR CANADA. BOTH SEEMED UNAWARE OF USG POLICY CONCERNS RE OFFSET (THEY ARE RELATIVELY NEW IN THEIR PRESENT JOBS) AND TCO EXPLAINED CONTENTS OF USG'S APRIL 1974 NOTE ON THE SUBJECT (STATE 072621, APRIL 10, 1974). CARR AND BRENNAN APPEARED INTERESTED IN IDEA OF CONSULTATION WITH THEIR U.S. COUNTERPARTS TO EXPLAIN THE GOC POLICY MORE SYSTEMATICALLY, AND SEEK TO MINIMIZE THE POSSIBLE DEVELOPMENT OF BILATERAL PROBLEMS.

4. IN CONVERSATION WITH TCO A FEW DAYS EARLIER, WALTER MCLEISH (ADMINISTRATOR, CANADIAN AIR TRANSPORTATION ADMINISTRATION, MOT--EQUIVALENT OF FAA ADMINISTRATOR) OBSERVED THAT, ALTHOUGH HE HAD NO RESPONSIBILITY FOR INDUSTRIAL DEVELOPMENT POLICY, USG SHOULD BE AWARE THAT CANADA'S LIGHT AIRCRAFT IMPORT DEPENDENCE (CESSNA BEING THE DOMINANT MARKET FACTOR) WAS WIDELY CONSIDERED A SERIOUS PROBLEM. HE SUGGESTED THAT AT SOME POINT GOC MIGHT BE COMPELLED TO ACT TO CHANGE THE SITUATION.

5. COMMENT: IT WOULD APPEAR ON THE BASIS OF THESE CONVERSATIONS AND CARR'S EARLIER REMARKS THAT WE WILL NOT BE FACED WITH RESTRICTIVE ACTION IN THE GENERAL AVIATION SECTOR IN THE NEAR FUTURE. THE OUTLOOK FOR THE LONGER TERM IS MUCH LESS CERTAIN. IT IS OBVIOUS THAT THE OFFSET CONCEPT CONTINUES TO HOLD A BASIC ATTRACTION FOR GOC OFFICIALS CONCERNED WITH INDUSTRIAL DEVELOPMENT STRATEGY.

ENDERS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OTTAWA 04880 101737Z

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AEROSPACE INDUSTRY, DIPLOMATIC DISCUSSIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OTTAWA04880
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760457-0708
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761254/aaaabulo.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 OTTAWA 4461, 76 OTTAWA 4019
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2004 by BoyleJA>; APPROVED <04 AUG 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AEROSPACE INDUSTRY: GENERAL AVIATION POLICY
TAGS: EAIR, EIND, CA, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006